



# Restore Main Street Loan

# Restore Main Street Loan Overview

Designed to increase the supply of affordable apartments for working families, this program will have the added benefit of revitalizing vacant or underutilized floors that are one or two levels above the ground floor.

Financing will be provided by WHEDA through a revolving loan fund that is subordinate to other funding sources.

- **Purpose:** rehabilitation of second and third-floor rental housing over commercial space.
- **Eligible borrowers:** rental housing property owners.
- **Eligible uses:** improvements such as repairing an HVAC system, electrical, plumbing, walls, roofs, adding insulation, or remediating mold or lead paint.



**RESTORE  
MAIN STREET**

# Restore Main Street Eligibility

- The land is currently zoned to permit residential use.
- Has not claimed state or federal historic rehab tax credits or received assistance due to active TID.
- All other development funding must be secured, and all permits and approvals have been obtained.
- Municipality has reduced the cost of the eligible project by voluntarily revising ordinances or regulations applicable to the project on or after January 1, 2023.

# Restore Main Street Definitions

Rehabilitation that meets all of the following:

- Located on the second or third floor with commercial space on the main floor.
  - The commercial space may occupy up to two-thirds of the building's gross square footage.
- The building is at least 40 years old and hasn't been significantly improved for at least 20 years.
  - Significantly improved means repairs, reconstruction, rehab, addition or other improvement of the structure which resulted in the assessed value to increase by 50% in any one year at any point during the 20 years prior to application.

# Restore Main Street Definitions

- The second and third-floor space has been vacant for one year or underutilized.
  - Underutilized means second or third floors that are suitable for housing that currently contain less than the number of housing units that could be legally constructed within the parameters of zoning and building codes.
  - It also refers to the need to improve or maintain the housing in a decent, safe and sanitary condition.



# Restore Main Street – Set Asides

- 30% of funds set aside for projects in communities of 10,000 people or less.



# Restore Main Street - Affordability

- Annual housing costs cannot exceed 30% of 100% of Area Median Income.
- Renter income cannot exceed 100% of Area Median Income.
- Affordability is maintained for 10 years after initial occupancy.



# Restore Main Street - Terms

- **Loan Amount:** Max of \$20,000 per unit or 25% of the total housing rehab costs, whichever is less.
- **Rate:** 3%. 1% in municipalities with less than 10,000 population.
  - Rate is determined per application round.
- **Term:** The lesser of initial occupancy plus 10 years or the term of the senior debt.
- **Amortization:** Matches the senior debt.





# Restore Mainstreet Project: Driftless, Wisconsin



- Rural community, population of 5,000
- Recently purchased hardware store with underutilized 2nd and 3rd floor
- 6– 1-bedroom (950 sq. ft) units for people at 100% CMI or less
- Repairs needed:
  - New roof
  - Bring electrical up to code and plumbing installation/upgrades in each unit

## Cost Breakdown

- Cost to repair roof : \$47,000
- Cost to upgrade units: \$15,000 per unit

Total Projects Costs: \$137,000

\$20,000 per unit: \$120,000

25% of project: **\$34,250**

Max loan: \$34,250

Rate: 1%